Flouting of rules by foreign banks

2060. SHRI MANOJ BHATTACHARYA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government are aware that some foregin banks are flouting the guidelines issued by the Reserve Bank of India for regulating the functioning of commercial banks in India;

(b) if so, the details thereof; and

(c) the steps taken/proposed to be taken to make such banks adhere to the RBI's directives particularly relating to closure of their operations in the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL) : (a) to (c) Reserve Bank of India (RBI) has reported that Bank of Tokyo-Mitsubishi Limited (BTML) closed its Kolkata Branch on 6th August, 2002 abruptly. Although the Bank was not required to seek prior approval of RBI for such closure, it was expected of the Bank to inform RBI well in advance of any such decision and to ensure that the process of closure is smooth with appropriate notice to all concerned, so that the customers were not put to inconvenience. The Bank apologized for the lapse and promised to address customers complaints promptly. Subsequently, RBI advised all foreign banks, on 17th October, 2002, that they should inform, well in advance of their intention to close any of their branches. Banks have been directed to furnish a detailed plan of closure to ensure that omers interest and convenience are addressed adquately.

Settlement of tax dispute under Double Taxation Avoidance Treaty

2061. SHRI MANOJ BHATTACHARYA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government have presented a new procedure for the speedy and time-bound settlement of tax dispute under the Double Taxation Avoidance countries entered with other countries;

(b) if so, the details thereof; and

(c) whether the revised procedure takes adequate precaution to ensure that the Indian companies registered in foreign country do not avoid the taxation as has been the practice hitherto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) and (b) No Sir. The provisions of Mutual Agreement Procedure (MAP) to settle bilateral tax disputes by the competent authorities of the treaty partner countries through mutual consultations already exist in the Double Taxation Avoidance Agreement. The Central Government has, however, notified the Rules for making application under the MAP and for implementation of the decisions reached under MAP.

(c) This procedure does not in any way affect the provisions in the law relating to detection/prevention of tax evasion.

Decline in domestic investment

2062. SHRI KARNENDU BHATTACHARJEE: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the rate of domestic investment has been declining over the years;

(b) if so, the details thereof for the last three years, year-wise and sector-wise; and

(c) the steps proposed to be taken to encourage higher investment in order to achieve higher growth rate?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) to (c) As per the latest available data released by the Central Statistical Organisation, the rates of gross domestic investment for the last three years are as follows: